

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/20/11

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WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis

Within this section of the West Allen Parish Water District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2010. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$1,199,518 (net assets) and by \$1,217,134 for 2009.
- Total revenues of \$366,992 exceeded total expenditures of \$384,608, which resulted in a current year deficit of \$17,616, compared to the prior year surplus of \$5,361.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$820,527 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Restricted for debt service of \$108,232.
 - (3) Unrestricted net assets of \$270,759.
- At the end of the current fiscal year, unreserved net assets were 70% (88% for the prior year) of total expenditures and 74% (89% for the prior year) of total revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net assets at fiscal year-end are \$1,199,518. The following table provides a summary of the District's net assets:

	<u>2010</u>	<u>2009</u>
Assets:		
Current assets	\$ 412,938	\$ 454,236
Capital assets	1,144,527	1,200,969
Other assets	<u>9,987</u>	<u>11,364</u>
Total assets	<u>1,567,452</u>	<u>1,666,569</u>
Liabilities:		
Current liabilities	89,934	125,435
Long-term liabilities	<u>278,000</u>	<u>324,000</u>
Total liabilities	<u>367,934</u>	<u>449,435</u>
Net assets:		
Investment in capital assets, net of debt	820,527	832,969
Restricted	108,232	103,667
Unrestricted	<u>270,759</u>	<u>280,498</u>
Total net assets	<u>\$ 1,199,518</u>	<u>\$ 1,217,134</u>

68% (68% for the prior year) of the District's net assets are tied up in capital assets and restricted net assets for capital assets. The District uses these capital assets to provide services to its customers.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net assets:

	<u>2010</u>	<u>2009</u>
Operating Revenues	\$ 352,700	\$ 309,035
Nonoperating Revenues	<u>5,792</u>	<u>5,729</u>
Total Revenues	358,492	314,764
Depreciation Expense	62,790	58,463
Other Operating Expenses	308,850	244,304
Nonoperating Expenses	<u>12,968</u>	<u>14,636</u>
Total Expenses	<u>384,608</u>	<u>317,403</u>
Income (Loss) before Capital Contributions	(26,116)	(2,639)
Capital Contributions	<u>8,500</u>	<u>8,000</u>
Change in Net Assets	(17,616)	5,361
Beginning Net Assets	<u>1,217,134</u>	<u>1,211,773</u>
Ending Net Assets	<u>\$ 1,199,518</u>	<u>\$ 1,217,134</u>

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2010, was \$1,144,527. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2010</u>	<u>2009</u>
Nondepreciable assets-land	\$ 16,122	\$ 16,122
Construction in progress	<u>-</u>	<u>9,362</u>
	16,122	25,484
Depreciable assets:		
Distribution system	1,932,870	1,921,360
Buildings	107,819	103,619
Equipment	<u>218,078</u>	<u>218,078</u>
Total depreciable assets	2,258,767	2,243,057
Less accumulated depreciation	<u>1,130,362</u>	<u>1,067,572</u>
Book value-depreciable assets	<u>\$ 1,128,405</u>	<u>\$ 1,175,485</u>
Percentage depreciated	50%	48%
Book value-all assets	<u>\$ 1,144,527</u>	<u>\$ 1,200,969</u>

The major addition for the year was the hydrant and line project.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Long-Term Debt

At the end of the fiscal year, the District had total debt obligations outstanding of \$324,000. During the year, the District retired \$44,000 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Mr. Samuel Dunnehoo, Manager at (337) 666-2589.



GRAGSON, CASIDAY & GULLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

February 8, 2011

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the accompanying financial statements of the West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the West Allen Parish Water District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Allen Parish Water District as of December 31, 2010, and the results of its operations and the cash flows for the year then ended in conformity with auditing standards generally accepted in the United States of America.

Board of Commissioners
West Allen Parish Water District
February 8, 2011
Page Two

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2011 on our consideration of West Allen Parish Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gragson, Casiday & Guillory

WEST ALLEN PARISH WATER DISTRICT

Statement of Net Assets

December 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash	\$ 241,882	\$ 293,413
Receivables		
Accounts	30,093	25,616
Interest	186	194
Prepaid insurance	4,458	4,003
Restricted assets		
Construction		
Cash	-	1,019
Bond sinking fund		
Cash	57,622	56,511
Bond contingency fund		
Cash	54,814	50,901
Interest receivable	38	39
Customer deposits		
Cash	<u>23,845</u>	<u>22,540</u>
Total current assets	<u>412,938</u>	<u>454,236</u>
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,130,362 for 2010	1,144,527	1,200,969
Other assets		
Bond issue costs, net of accumulated amortization of \$10,217 for 2010	<u>9,987</u>	<u>11,364</u>
TOTAL ASSETS	<u>\$ 1,567,452</u>	<u>\$ 1,666,569</u>

The accompanying notes are an integral part of these financial statements.

Continued

	<u>2010</u>	<u>2009</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 15,847	\$ 54,092
Payable from restricted assets		
Current portion of revenue bonds	46,000	44,000
Accrued interest	4,242	4,803
Customer deposits	<u>23,845</u>	<u>22,540</u>
Total Current Liabilities	89,934	125,435
Long-term debt, net of current portion	<u>278,000</u>	<u>324,000</u>
TOTAL LIABILITIES	<u>367,934</u>	<u>449,435</u>
NET ASSETS		
Invested capital, net of related debt	820,527	832,969
Restricted for debt service	108,232	102,648
Restricted for construction	-	1,019
Unrestricted	<u>270,759</u>	<u>280,498</u>
TOTAL NET ASSETS	<u>1,199,518</u>	<u>1,217,134</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,567,452</u>	 <u>\$ 1,666,569</u>

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for services	\$ 335,889	\$ 293,123
Miscellaneous revenue	<u>16,811</u>	<u>15,912</u>
TOTAL OPERATING REVENUES	<u>352,700</u>	<u>309,035</u>
OPERATING EXPENSES		
Advertising	890	820
Amortization	1,377	1,378
Bank charges	268	279
Depreciation	62,790	58,463
Dues	275	250
Insurance - general	25,673	25,622
Insurance - health	15,567	12,034
Miscellaneous	1,495	1,258
Office	7,970	6,247
Per diem	5,100	5,400
Postage	3,613	3,569
Professional fees	3,900	4,425
Retirement	3,882	3,715
Salaries	115,881	113,317
Supplies and maintenance	82,616	23,598
Taxes and licenses	4,688	5,165
Telephone	5,560	6,296
Training	3,912	1,327
Transportation	10,056	11,533
Utilities	<u>16,127</u>	<u>18,071</u>
TOTAL OPERATING EXPENSES	<u>371,640</u>	<u>302,767</u>
OPERATING INCOME (LOSS)	<u>(18,940)</u>	<u>6,268</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	5,792	5,729
Interest expense	<u>(12,968)</u>	<u>(14,636)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(7,176)</u>	<u>(8,907)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(26,116)	(2,639)
CAPITAL CONTRIBUTIONS	<u>8,500</u>	<u>8,000</u>
CHANGE IN NET ASSETS	(17,616)	5,361
NET ASSETS - BEGINNING	<u>1,217,134</u>	<u>1,211,773</u>
NET ASSETS - ENDING	<u>\$ 1,199,518</u>	<u>\$ 1,217,134</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLOREY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 348,223	\$ 307,072
Cash payments to suppliers for goods and services	(229,539)	(86,216)
Cash payments to employees for services	(115,881)	(113,317)
NET CASH FROM OPERATING ACTIVITIES	<u>2,803</u>	<u>107,539</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	8,500	8,000
Purchase of fixed assets	(6,348)	(41,169)
Principal paid on revenue bonds	(44,000)	(42,000)
Interest paid on revenue bonds	(12,968)	(14,636)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(54,816)</u>	<u>(89,805)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of cash investments	(5,742)	(5,587)
Interest on investments	5,792	5,729
NET CASH FROM INVESTING ACTIVITIES	<u>50</u>	<u>142</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,963)	17,876
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>211,642</u>	<u>193,766</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 159,679</u>	<u>\$ 211,642</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 13,529</u>	<u>\$ 15,173</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH:		
Cash and cash equivalents	\$ 159,679	\$ 211,642
Non-cash equivalents	218,484	212,742
Total Cash	<u>\$ 378,163</u>	<u>\$ 424,384</u>

The accompanying notes are an integral part of these financial statements.

Continued

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows - Continued

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (18,940)	\$ 6,268
net cash provided by operating activities		
Amortization	1,377	1,378
Depreciation	62,790	58,463
(Increase) decrease in		
Accounts receivable	(4,477)	(1,963)
Interest receivable	9	(5)
Prepaid insurance	(455)	17
Increase (decrease) in		
Accounts payable	(38,245)	42,378
Rent deposits	1,305	1,540
Accrued interest payable	(561)	(537)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 2,803</u>	<u>\$ 107,539</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Allen Parish Water District was created by the Allen Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of West Allen Parish. The District is governed by a board of commissioners composed of seven members, five appointed by the Allen Parish Police Jury and two appointed by the Village of Reeves, LA.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the West Allen Parish Water District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that are materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5. Capital Assets

All fixed assets are valued at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years

6. Compensated Absences

The District has the following policy relating to vacation and sick leave:

- Vacation
 - One week after 1 year of service,
 - Two weeks after 2 years of service,
 - Three weeks after 10 years of service,
 - Four weeks after 15 years of service,

- Sick Leave - 10 days per year,
 - Maximum of 30 days may be carried over to the next year.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District's recognition and measurement criterion for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2010, the District did not have an accrual for compensated absences.

7. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$159,679 which represents unrestricted and restricted amounts of \$47,914 and \$111,765 respectively.

8. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level. The budget was amended once during the year.

9. Net Assets

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

10. Bond Issue Cost

Revenue bond issuance costs are deferred and are being amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Amortization expense is \$1,377 for the year ended December 31, 2010.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

11. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Subsequent Events

Management has evaluated subsequent events through February 8, 2011, the date the financial statements were available to be issued.

13. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE B - CASH DEPOSITS

At December 31, 2010, the District has cash balances (book balances) totaling \$378,163 as follows:

Demand deposits	\$ 49,235
Interest-bearing demand deposits	110,444
Time deposits	<u>218,484</u>
Total	<u>\$ 378,163</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2010, the District has \$382,228 in deposits (collected bank balances). These deposits are secured from risk by \$304,747 of federal deposit insurance and \$77,481 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended December 31, 2010 are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Distribution system	\$ 1,921,360	\$ 11,510	\$ -	\$ 1,932,870
Office and shop building	103,619	4,200	-	107,819
Equipment	218,078	-	-	218,078
Construction in progress	9,362	-	9,362	-
Land	<u>16,122</u>	<u>-</u>	<u>-</u>	<u>16,122</u>
	2,268,541	\$ 15,710	\$ 9,362	2,274,889
Less accumulated depreciation	<u>1,067,572</u>			<u>1,130,362</u>
TOTALS	<u>\$ 1,200,969</u>			<u>\$ 1,144,527</u>

Depreciation expense was \$62,790 for the year ended December 31, 2010.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2010.

Bonds payable, Beginning	\$ 368,000
Bonds retired	<u>44,000</u>
Bonds payable, Ending	<u>\$ 324,000</u>

Bonds payable at December 31, 2010 are comprised of the following individual issues:

Revenue bonds

\$145,000 Revenue Bonds dated 8/1/03; due in annual installments of \$16,000 - \$19,000 through March 1, 2013; interest at 3.5% \$ 54,000

\$440,000 Revenue Bonds dated 10/1/03; due in annual installments of \$28,000-\$39,000 through March 1, 2018, interest at 4.0% 270,000
\$ 324,000

The annual requirements to amortize all debts outstanding as of December 31, 2010 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 46,000	\$ 11,812
2012	48,000	10,020
2013	51,000	8,133
2014	33,000	6,500
2015	34,000	5,160
2016-2018	112,000	6,840

The revenue bonds are to be retired from revenues derived from the operations of the District.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE E - COMPONENTS OF RESTRICTED NET ASSETS

	Revenue Bond <u>Sinking</u>	Revenue Bond <u>Contingency</u>	Customer <u>Deposits</u>	<u>Totals</u>
Cash and interest receivable	<u>\$ 57,622</u>	<u>\$ 54,852</u>	<u>\$ 23,845</u>	<u>\$ 136,319</u>

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net assets reserved for debt service is detailed as follows:

Restricted assets: revenue bond sinking and contingency funds	\$ 112,474
Less:	
Accrued interest, payable from restricted assets	<u>4,242</u>
Net assets reserved for debt service	<u>\$ 108,232</u>

NOTE F - RETIREMENT COMMITMENTS

The District contributed to a pension plan through the National Rural Water Association (NRWA) for all eligible employees through September 20, 1999. On September 20, 1999 NRWA discontinued sponsorship of the plan and the District terminated the plan on that date. The District approved continued contributions to individual retirement accounts of all previously eligible employees as defined under the terminated plan. These contributions are on-behalf payments to which the District is not legally responsible. Total payroll for the District was \$115,881 and total payroll for covered employees was \$55,993.

Covered employees may contribute up to 10.0% of their total compensation. The District may contribute up to 7.0% of total compensation. Total contributions made by the District and employees were \$3,882 and \$1,680, respectively.

Eligibility requirements consist of minimum age of 21, twelve months of service and 1,000 hours worked. Participants are immediately fully vested.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2010

NOTE G - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2010 were as follows:

Baggett, Marvin	\$ 600
Fontenot, Michael	60
Johnson, Jeffery	780
Morrow, Craig	480
Perkins, Claude	840
Reeves, Jr. William	720
Ritter, Carl	840
Willis, Kevin	780
	<u>\$ 5,100</u>

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses and Changes in Net Assets - Budget and Actual

Year Ended December 31, 2010

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services	\$ 300,000	\$ 320,000	\$ 335,889	\$ 15,889
Miscellaneous revenue	16,000	15,800	16,811	1,011
TOTAL OPERATING REVENUES	<u>316,000</u>	<u>335,800</u>	<u>352,700</u>	<u>16,900</u>
OPERATING EXPENSES				
Advertising	1,000	850	890	(40)
Amortization	-	-	1,377	(1,377)
Bank charges	-	-	268	(268)
Depreciation	52,000	60,000	62,790	(2,790)
Dues	250	275	275	-
Insurance - general	26,000	27,000	25,673	1,327
Insurance - health	14,000	15,777	15,567	210
Miscellaneous	1,000	1,000	1,495	(495)
Office	5,000	5,476	7,970	(2,494)
Per diem	5,500	5,260	5,100	160
Postage	3,800	3,700	3,613	87
Professional fees	4,000	3,900	3,900	-
Retirement	4,000	3,900	3,882	18
Salaries	118,000	116,000	115,881	119
Supplies and maintenance	20,000	60,000	82,616	(22,616)
Taxes	6,500	6,500	4,688	1,812
Telephone	6,500	6,000	5,560	440
Training	1,500	3,824	3,912	(88)
Transportation	12,000	12,000	10,056	1,944
Utilities	21,000	17,000	16,127	873
TOTAL OPERATING EXPENSES	<u>302,050</u>	<u>348,462</u>	<u>371,640</u>	<u>(23,178)</u>
OPERATING INCOME (LOSS)	<u>13,950</u>	<u>(12,662)</u>	<u>(18,940)</u>	<u>(6,278)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	6,000	5,800	5,792	(8)
Interest expense	(20,000)	(14,000)	(12,968)	1,032
Capital contributions	-	-	8,500	8,500
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(14,000)</u>	<u>(8,200)</u>	<u>1,324</u>	<u>9,524</u>
CHANGE IN NET ASSETS	(50)	(20,862)	(17,616)	3,246
NET ASSETS - BEGINNING	<u>1,217,134</u>	<u>1,217,134</u>	<u>1,217,134</u>	<u>-</u>
NET ASSETS - ENDING	<u>\$ 1,217,084</u>	<u>\$ 1,196,272</u>	<u>\$ 1,199,518</u>	<u>\$ 3,246</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
KATHRYN BLESSINGTON, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

February 8, 2011

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the financial statements of the West Allen Parish Water District as of and for the year ended December 31, 2010, and have issued our report thereon dated February 8, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Allen Parish Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Allen Parish Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Allen Parish Water District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Commissioners
West Allen Parish Water District
February 8, 2011
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Allen Parish Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Gragson Casiday & Guillory

WEST ALLEN PARISH WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2010

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Control deficiencies identified that are
not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements
noted? _____ yes X no

2. Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance with Generally Accepted Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

None